

SUMMARY ANALYSIS OF AMENDED BILL

Author: Vasconcellos Analyst: Kristina North Bill Number: SB 1953
Related Bills: See previous analyses Telephone: 845-6978 Amended Date: 4/13/98
Attorney: Doug Bramhall Sponsor:

SUBJECT: Repeal Campaign Contribution Limitation/Establish State Candidate Election Fund

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced **FEBRUARY 19, 1998**.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED **FEBRUARY 19, 1998**, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Administration of Income and Franchise Law (AFITL), this bill would establish the State Candidate Election Fund ("election fund").

This bill also would repeal the provisions of the Political Reform Act of 1974 and make other changes to the California Elections Code. These provisions do not impact the Franchise Tax Board (FTB) and will not be addressed in this analysis.

SUMMARY OF AMENDMENT

The April 13, 1998, amendment modified the Controller's administration of the fund and distribution of its moneys in the fund to candidates who agree to abide by specified expenditure limits in the general election and changes to the California Election Code. The April 13 amendment also made additional changes to the California Election Code.

The department's implementation concerns still apply and are restated below. The department's analysis of this bill as introduced February 18, 1998, still applies.

- ◆ This bill provides that the California tax liability is the taxpayer's "total" income tax liability for that taxable year. This provision is

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
___ X ___ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
Johnnie Lou Rosas 4/30/98

Agency Secretary Date

By: Date:

not defined and implies that there may be a "partial" tax liability. Because "tax liability" is defined in the Revenue and Taxation Code, the author may wish to delete the term "total."

- ◆ This bill specifies that the election fund designation be placed on the first page on all original returns immediately preceding the filing status. That would require three additional lines be added to all individual tax returns and additional instructional text. This requirement, coupled with the return of the renter's credit, could create significant implementation problems. Programming and testing would be required to accommodate the new designation.
- ◆ This bill requires that the FTB annually certify to the Controller on or before July 1 the amount designated by April 15. However, not all designations made in a taxable year would be available by July 1. Personal income tax returns may be filed, with an extension, annually until October 15. If the intent is to have the FTB certify the total amount of designations made to this fund in a taxable year, the author may wish to change the certification due date. Otherwise, the checkoff amounts on returns processed after April 15 would be included in the following year's accounting.
- ◆ Including this designation on all original personal income tax returns would be a significant change for all taxpayers. It has been the department's experience that, when a tax law change impacts a significant number of taxpayers, taxpayer contact with the department increases.